



MANDA PACKING COMPANY

Processors of Fine Meat Products Since 1947

June 19, 2003

United States Department of Agriculture

RE: Comments on Country of Origin Labeling Program

Gentlemen:

As C.E.O. of Louisiana's largest meat processing company, Manda Packing Company, I am attending today's (COOL) listening session in Baton Rouge, LA to express my company's concern about the Country of Origin Labeling Law, (COOL). These concerns are the following:

1. The law defines retailers who are responsible under the law for Country of Origin Labeling (COOL) as defined in the Perishable Agricultural Commodities Act of 1930 (PACA). These are retailers who have annual gross sales of \$230,000 of fresh and frozen fruit and vegetables. Thus, the retail community is divided into two: those that must label, generally large retailers with a broad range of grocery, meat and dairy products who meet the threshold level of fresh and frozen fruit and vegetables, and retailers that do not meet the PACA definition, including smaller, stand-alone retailers who do not meet the threshold sales requirement, and all the corner grocery outlets and stand-alone butcher shops. A law which selectively divides the retail community is grossly discriminatory. It also invites retailers to investigate the possibility of separating their fresh meat operations into a separate entity simply to avoid the impact of labeling requirements that come with heavy civil penalties for non-compliance.
2. Meat packers are entities between livestock producers and retailers that convert livestock into many edible products (meat and meat by-products). These products move into market distribution in a myriad of ways and many of them end up for sale at retail. However, a large percentage also moves into foodservice distribution which is not within the scope of COOL requirements. Tracking products with COOL identity begins with identifying the COOL of the animal as it enters the slaughter plant. The proposed guidelines have an extraordinarily complex labeling scheme, depending on the country in which the animal may have lived during its lifetime. This will result in huge disruption and reorganization in packing operations, so that meat and meat products from cluster groups of

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livestock that share similar backgrounds can move through distribution together with the same label. This hugely complex scheme conceives of mixtures of different countries, such as born in, slaughtered in, etc. The added processing costs for this kind of segregation are incalculable at this time. Indeed, it is entirely possible that slaughter facilities will restrict the acceptance of livestock to meet their labeling capability. This consequence could seriously impact producers who would have fewer outlets for the processing of their livestock.

All of the above assumes that the seller of livestock for slaughter has records documenting the country of origin, and other countries in which each animal has lived to the point of sale for slaughter. Given that the life of a market bovine is approximately two years, many producers may not be able to provide the necessary information for animals brought to slaughter in October 2004. Given that the life of a dairy or breeding bovine is several times that of a market bovine, it is even more unlikely that the last seller will be able to provide this information immediately on and after October 2004. The unintended consequence will be a very large supply of livestock that packers will not buy because they will not be able to market them without COOL on and after October 2004. This will create a hugely deleterious market condition for livestock producers.

3. A major unintended consequence of mandatory COOL will be the relative ease for imported product to enter the distribution stream, and a clear benefit to retailers under the law to commit to acceptance of such product. Since our nearest countries that ship in fresh meat are Canada and Mexico, and they have no complicated COOL requirements other than to state: Product of Canada or Product of Mexico, it is entirely conceivable that retailers will consider making a substantial commitment to accepting entire categories of imported product, because this would considerably simplify their labeling burden and eliminate the risk of civil penalties. Imported meat would simply be the product of the single exporting country, even if it had spent much of its live animal existence in another country. For instance, to qualify as Product of Canada, meat would only have to come from animals slaughtered there. Thus, the unintended consequence will be as beneficial to imported meat as it will not be to U.S. product.
4. The costs to the livestock and meat industry for record keeping for this ill-advised mandate are astronomical. There will be very limited, if any, opportunity for packers to pass added costs forward to their customers. The livestock producers the

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legislation was purporting to help may well have to bear much of the costs.

All of the concerns raised herein are going to be foisted upon an industry with no evidence to suggest that a significant benefit will accrue to the consumer. Some limited surveys have indicated a willingness by consumers to pay more for meat products for which they know the country of origin. If this is the case, a COOL system could be implemented tomorrow on a voluntary basis. If there really were value to be gained by such a system, some innovative marketers would be using it by now. Another argument in favor of COOL has been the consumers' theoretical "right to know" the origin of foods. That argument is disingenuous at best. If it were true, would not consumers also have the right to know the origin of poultry meats and almonds? What about the foods they purchase at foodservice establishments (approximately 50 cents of every food dollar spent).

Thank you for allowing me this opportunity to express our opinion.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bobby Yarborough".

Bobby Yarborough
Chief Executive Officer
Manda Packing Company

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